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EMPLOYEE EMPOWERMENT: IS IT A NEW TREND IN MANAGEMENT?

BM009-20: NEW TRENDS IN MANAGEMENT – ASSESSMENT 1

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# Introduction

The purpose of this wiki is to provide readers with an informed overview of the concept Employee Empowerment, explore how it is applied to current management practices and form a decision whether it is a new trend in management.

## Background

Firstly, Mullins (2013: 781) broadly describes and simplifies the meaning of employee empowerment as ‘where employees are allowed greater freedom, autonomy and self-control over their work, and the responsibility for decision-making’. Although this definition briefly outlines the intention of this concept, it alone can be seen as ambiguous without the knowledge of how it is applied in relevant management practices.

Initially, the subtle idea of employee empowerment dated back to the 1940’s, and was treated at best, ‘interesting for academic debates’ (Potterfield, 1999: 30 cited in Fernandez and Moldogaziev, 2013:490) and at worst as ‘socialism, and democracy gone wild, a form of communism’ (Lawler, 1986:9 cited in Fernandez and Moldogaziev, 2013:490). Evidently, this concept proved controversial however in the awakening of global competition and emphasis on organisation performance, long-term growth and success, Rayner and Adam-Smith (2009: 101) argues that employee empowerment has recently developed as an advanced form of employee involvement.

Since then, several other theorists have developed further understanding of this concept, which has been applied to an increasing number of organisations as a common management theory and practice within the private and public sector, in both small and large organisations.

Further identified by Conger and Kanungo (1988), empowerment can be considered in two different ways. Firstly, as a relational construct, involving the process of which a leader or manager shares their power with their subordinates, and secondly as a motivational construct, which focuses on the internal influence of an individual. Therefore, the concept of power signifies the need for self-determination (Deci, 1975: *cited in* Conger and Kanungo, 1988), and within an organisational concept, this strengthens this need for employees to make them feel more powerful. It is also viewed in contrast that if the self-determination of an employee is weakened, they will feel an increase of powerlessness.

There is also a blurred distinction between identifying employee empowerment as ‘power-sharing’ or whether it is the ‘transfer’ or decision-making authority as noted by Huq (2010). Furthermore, Mills and Friesen (2001: *cited in* Craner and Dearlove, 2001) highlight that the term employee empowerment can often be confused with delegation; although a key characteristic, further investigation will describe it in deeper context.

# Employee Empowerment

## Kanter’s Theory of Empowerment

Kanter’s theory amongst many other academic theories, has been chosen as topic of discussion for being one of the first notable studies on empowerment and continuously used in studies to understand the association between empowerment, commitment to work and job satisfaction, applied to numerous nursing and healthcare studies (Example shown in Section 4.1). Kanter’s Structural Theory of Empowerment (1977, 1993) although this meaning was recognised and conceptualised prior to this study in the early 1980’s. Kanter’s theory providing a framework for the influence of organisations and their structures on individual behaviour states that employees are empowered when they have ‘access to lines of information, support, resources and opportunities to learn a grow’ (1993). To achieve this, Kanter identified that management must create empowered structures, such as the flattening of heirarchies and participatory decision-making structures.

*“When more people are empowered-that is, allowed to have control over the conditions that make their actions possible-then more I accomplished, more gets done”* (p166).

A main element to Kanter’s theory suggests that power within organisations are positional and not because of individual characteristics, and that it is the organisational structure that shapes the individual’s behaviour. Below are six of the key organisational factors to explain Kanter’s empowerment framework:

|  |  |
| --- | --- |
| Kanter’s organisational factors | Explanation |
| Access to information | Ability to have knowledge of organisational decisions, policies and goals to be effective |
| Support | Feedback and guidance – emotional, professional or technical support |
| Opportunities and resources | Mobility and growth within organisation, gain professional opportunities, participation on work groups |
| Informal power | Both facilitate access to these sources of power and opportunity |
| Formal power |
|  |  |

Adapted from: Kanter (1993)

## The Influence of Employee Empowerment today

In an age where advancements in technology are constantly improving, and therefore access to information becoming more transparent, many organisations are now adopting a flatter organisational structure. By removing layers of authority, it creates an improved sense of self-actualisation and freedom of action for their staff. (ref)

There is also statistical evidence to prove this. In a survey of 7000 responses across 130 countries, many companies have already moved away from traditional structures. Over 80% of respondents report their organisation is restructuring or have recently completed an organisational restructure (Deloitte, 2016). It is stated from this report that companies are now seeking to decentralise authority, and move towards more product- and customer-centric organisations, by forming dynamic networks of highly empowered teams and individuals that can share and conduct creativity at best.

CEO of W.L. Gore & Associates, Terri Kelly (2010) comments on her viewpoint of engaging in employee empowerment, and how this has helped her organisation to succeed:

*“It’s far better to rely upon a broad base of individuals and leaders who share a common set of values and feel personal ownership for the overall success of the organization. These responsible and empowered individuals will serve as much better watchdogs than any single, dominant leader or bureaucratic structure.”*

<https://www.youtube.com/watch?v=zaNNysWb9Qw>

The above video is an important indicator for organisations of today, to believe and understand the empowering employees and their workforce provides a long-term benefit, alongside the increasing trend of the digital, mobile, and social world.

By forecasting what is expected in the future of work and embedding the promotion of empowerment in the video, including the results of the number of organisations now restricting to become less centralised, only suggests that the trend of empowerment is shifting upwards. However, how much is it a growing trend as opposed to a trend that has been ongoing. For example, previous studies already noted that employees of flatter structured organisations performed better, were more satisfied, and had higher work motivation than those in traditional, hierarchal structured organisations (Tannenbaum et al., 1974; Ivanevich and Donnelley, 1975; Porter and Siegel 1965: *cited in* Anderson and Brown, 2010). Although suggesting, flatter organisations are not new in implementation, this does not suggest that employee empowerment was implemented during this time.

## Empowerment as an effective management tool

To create a successful empowerment system, managers must form a clear and structured approach to ensure tasks run smoothly. For maximum effectiveness, employees must understand what exactly is expected of them, what needs to be achieved, the boundaries of their freedom of action and how far they can employ independent decision-making. There are six main states to this structured approach (Mullins, 2013: 648):

* Clarification of objectives and suitable patterns of organisation – policies and procedures defined to provide framework for authority and responsibility
* Agreement on terms of reference – Identify and agree employee’s role and terms of reference, and areas in which they are responsible. Emphasis on end results at this stage rather than detailed instructions
* Guidance, support and training, and communication – Once terms are agreed, briefing, training and support should be given and whom to go to for further help
* Effective monitoring and review procedures – Agree target dates for tasks, and address that feedback can be given, level of expected achievement, performance measures and how each area can be evaluated
* Freedom of action with agreed terms – Employee then left to perform tasks. Managers must accept their freedom of action to successfully achieve, rather than keeping a close watch
* Related reward system – End result should consist of successful achievement of delegation should be presented in a reward system such as, bonus payments, improved job satisfaction and opportunities, less work stress

## Benefits to Employee Empowerment

Closely linked to delegation, there are three successful factors that arise from the use of employee empowerment, stated by Mullins (2013):

* **Time** – allows more free time for the manager to focus on higher priority tasks. Also, encourages the manager to be available for consultation more and improves communication
* **Training and development** – tests the employee’s ability to perform at a higher level of authority and responsibility, encouraging advancement. This also aids the decision of promotion
* **Strength of the workforce** – encourages the employees to develop their abilities and provides a greater scope for opportunities. By becoming more involved in overall planning and decision-making, it can lead to improved morale, motivation and job satisfaction

However, it has been stated by Greasely et al (2008: 43) ‘benefits of empowerment should not be assumed to automatically occur, nor should the rhetoric of empowerment be confused with reality’. Which suggest that the term employee empowerment may only exist rhetorically, meaning as a term used to convince employees are empowered, which in reality is just the control they already gain in their job role.

## Barriers to Employee Empowerment

Although it is evident that employee empowerment has a positive impact on improving organisational performance, an IBM survey of 1,700 senior management professionals in 64 countries, outlined potential barriers managers may face when applying employee empowerment within their performance strategies (Ji-Eun, 2012), for example:

* **Anxiety** - Managers may feel concerned about their job security. They fear that allowing employees more control may backfire, and endanger their position
* **Distrust** - Managers may lack trust and doubt their employee’s performance of tasks without supervision
* **Poor communication** - Employees may be unprepared to take on more responsibility without regular communication. Therefore, this will create a ‘If I want it done right, I will do it myself’ attitude from managers

However, it must be noted that there are various approaches to overcome the above potential obstacles to employee empowerment, adapted from Ji-Eun (2012). For example:

* **Anxiety** – Managers should recognise that the long-term advantage of employee empowerment improves whole team performance, and expands their own scope of authority. If still unclear, managers should clarify the extent and details of shared authority to their staff to ensure they understand their responsibilities
* **Distrust** – Managers must understand that without trust, there is little room for employee empowerment to be successful (See section 4.2). By understanding the individual employee’s capabilities and strengths, the manager can invest more time to identify areas of growth and suitability when delegating responsibility
* **Poor communication** – Managers should give employees a chance to gain experience of handling increased responsibilities. If results are not as expected, managers should seek further initiatives such as on the job training (shadowing), or assign time for both parties to share feedback, questions and suggestions. Positive feedback will also enhance confidence and could consequently deliver better performance

## Can Empowerment turn into Disempowerment?

Weidenstedt (2016) commented that it is not realistic to assume that empowerment could be an option in all interactions. Further explained, empowerment is only possible in situations where there is significantly high power differential between the two parties. Therefore, it may be construed by this comment that employee empowerment may only be effective in large organisations than smaller organisations or organisations that consist of a flatter organisational structure. However, Thorlakson and Murray (year: 649) argues that the larger the organisation, the more difficult to institute participatory management.

Using the case study in section 4.2, it is shown that Toyota utilised a flatter organisational structure which proved effective, however it can also be argued that these factors may not necessarily be the main contributes to why empowerment is not effective, for example, empowerment may be an option in all interactions but only if the organisation employing this, do so correctly and addressing the necessary factors to achieve this (see Section 3.2).

Another point to describe by Weidenstedt (2016) suggests that in a transaction of empowerment, the empoweree may need the help of the empowerer, more than the empowerer needs them. Although the intention for this practice is to ensure the employee can gain both tangible and intangible benefits from the shared authority, there is a possibility that the employee can get out of their depth in producing high quality results, and consequently produce negative psychological factors, by not believing they can perform as expected, or if the level or volumes of work is too much. This is reflected in Section 4.1, where the hospital nurses felt too overwhelmed by the increased volumes of work given, leading to unhappiness and stress.

# Case studies

## Employee Empowerment in the Public Sector

**National Health Service**

Employee empowerment within the healthcare industry has continued to grow due to political and managerial support. Cunningham and Hyman (1996) examined the association between the commitment and morale of staff in two different NHS Trust hospitals. They identified that the main empowerment policies, implemented by the human resources personnel included:

* Improved communications
* Development of effective management training programmes
* Customer care initiatives
* Trust-wide appraisal systems

Line managers delegated responsibilities to the staff members, allowing them to rely less on management instruction, but also ensuring that the commitment in the standards of care were maintained as a high priority.

However, the results of this initiative proved more work for both managers and employees. For example, over 70% of line managers indicated workload had increased significantly in three years, and although manager’s commitment had risen, had taken an opposite effect to the employees whom suggested their lack of commitment, stress and decreased morale was a result to these changes.

Cunningham and Hyman (2006) identified that the reasons to explain these results were due budget priorities, lack of training, resistance to the implementation of empowerment, whilst many employees complained that very little authority was being delegated from management. This suggests that the proposed policies did not comply well in correlation to financial pressure of the public sector.

## Employee Empowerment in the Private Sector

**The Toyota Way**

The Toyota Way was established by the company as a philosophy to encourage employees to ‘exercise their abilities to think, be creative, and utilise their strength to achieve social contribution and self-actualisation at work’ (Toyota Motor Corporation Global, 2017)

In the 1950’s, Toyota experienced labour disputes and personnel cuts in a management crisis. This led the company to enforce a Joint Declaration of Labour and Management in 1962. Since then, this environment of mutual trust and responsibility between both parties has nurtured a relationship where employees proactively cooperate to improve productivity, and management works to share information and increase employee awareness, whilst maintaining and improving working conditions (Toyota Global, 2016a).

According to Liker (2004), standardisation is also fundamental element to employee empowerment at Toyota, allowing staff to take control of their own work and be committed in providing the best quality products. For example, the Toyota Production System (TPS) encourages their production staff to ‘build quality into the process’ and are authorised to stop a moving assembly line if they identify product defects (Asian Productivity Organisation, 2012).

Liker and Meier (2007: *cited in* Asian Productivity Organisation, 2012) stated that “the technology for developing people is not new or remarkable. The commitment to doing it every day, consistently, at a high level is unfortunately very rare and remarkable”.

In 2013, Toyota changed their centralised approach to a flatter organisational structure which would allow better flexibility and clearer communication. This change consisted of: streamlined board of directors, scaling down executive decision-making system, allowing local decision-making by overseas affiliates, and ensuring outside opinions are listened to and reflected in management practices (Toyota Global, 2012b)

# Conclusion

It is evident that employee empowerment has been recognised as a concept for a long period of time, and therefore it could be suggested that this concept is indeed not new. However, applying this to a business context, many established organisations implemented the traditional hierarchal structure consisting of many layers of management and ensuring that only senior professionals made the decisions of the organisations. It was not until the turn of the century that technological development transformed organisations, and encouraged more to focus on their employees to gain the best results for their performance and consumers, which suggests this concept has now become a demonstrable strategic term in management. Evidence shown in Section 3.2 confirms that employee empowerment is a growing trend for the future, as it is recognised that applying this concept has larger positive effects than it does negative.

Although there has been particular reference to previous studies on the healthcare industry, it is necessary to acknowledge employee empowerment across all levels of industries, logistics, service and hospitality to name a few recent considerations.

Answer: Is it new?

Is it a trend?

Is it management? – Literature – add own view

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